



Gray Davis
Governor

California Workforce Investment Board

Performance Based Accountability Committee

Agenda Packet



Wednesday
August 15, 2001
10:00 a.m. – 1:30 p.m.

Shelter Pointe Hotel and Marina
1551 Shelter Island Drive
San Diego, California



Lawrence Gotlieb
Chairman

Christine Essel
Vice Chair

CALIFORNIA WORKFORCE INVESTMENT BOARD Performance Based Accountability Committee

AGENDA

**Shelter Pointe Hotel and Marina
1551 Shelter Island Drive
San Diego, California**

**August 15, 2001
10:00 a.m. – 1:30 p.m.**



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AGENDA

1. Welcome and Opening Remarks:
 - Victor Franco, Chair, Performance Based Accountability (PBA) Committee
2. Approval of the Minutes
3. Consideration and Action to Release the Year Three Report of the Performance Based Accountability System for California's Workforce Preparation Programs
4. Consideration of Changes to the Fourth Annual PBA Report, including:
 - Format Improvements
 - Use of Means Reporting
5. Consideration of Future PBA System Development
6. Lunch Program - Local Panel
7. Discussion of Recent State Board Actions
8. Any Further Business that May Come Before the Committee

In order for the Board to provide an opportunity for interested parties to speak at the public hearings, public comment may be limited. Written comments provided to the California Workforce Investment Board must be made available to the public, in compliance with the Bagley-Keene Open Meeting Act, §11125.1, with copies available in sufficient supply.

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Welcome and Opening Remarks

- **Victor Franco, Chair**

Approval of the Minutes - February 7, 2001

CALIFORNIA WORKFORCE INVESTMENT BOARD
PERFORMANCE BASED ACCOUNTABILITY COMMITTEE
Meeting Summary - February 7, 2001
Sacramento, California

Meeting Summary

Members of the Performance Based Accountability (PBA) Committee of the California Workforce Investment Board (State Board) met in Sacramento on February 7, 2001. A list of the Committee members who attended this meeting is attached.

Opening Remarks

PBA Committee Chairman Victor Franco welcomed Committee members and the State Board's new governor-appointed Executive Director, Andrew Baron. Mr. Baron assumed his duties at the end of January 2001. Prior to his appointment, he was the Executive Officer of the California Welfare Commission, which regulates wages, hours and working conditions for employees throughout California. Mr. Franco also announced that Ms. Christine Essel assumed new duties on behalf of the State Board, and will be leading one of the subcommittees of the Economic Analysis, Planning and Systems Development Committee. Mr. Franco announced that public comment would be taken at several points on the agenda, including items 3, 4 and 6. Members then introduced themselves.

Approval of Minutes

The minutes of the October 27, 2000 meeting were approved unanimously. Ms. Victoria Morrow asked how education partners would be consulted on determining credential rates for Program Years 2001 and 2002 performance renegotiations. Ms. Liz Clingman of the Employment Development Department agreed to follow-up with Ms. Morrow.

Staff Report

Ms. Anna Solorio outlined State Board activities since the Committee last met. The **Economic Analysis, Planning and Systems Development Committee** and the **Operations Committee** jointly met on November 20 to discuss revisions to *California's Strategic Five-Year Plan for the Workforce Investment Act and Wagner-Peyser*. The **Executive Committee** met in December and unanimously approved the proposed changes to the Five-Year Strategic Plan with some modifications. Committee members also discussed categories and criteria used to score and rank the proposals for the WIA Governor's 15% Discretionary Funds. **The State Board** met on December 14 and unanimously adopted the proposed vision statement and revisions to the Five-Year Strategic Plan. The State Board also agreed to forward proposed criteria to evaluate proposals for the Workforce Investment Act (WIA) Governor's 15% Discretionary Funds to the Governor's Office,

Ms. Solorio reported that all of California's 50 Local Workforce Investment Boards have been certified, and all local five-year plans have been approved according to criteria established by the State Board. Six local plans received transitional approval and

should be fully approved by June 30, 2001. At the request of the **PBA Committee**, staff convened a Non-Technical Work Group that will conduct staff-level analysis and develop recommendations to forward to the committee. PBA Committee members designated workgroup members who met on January 26 to discuss the workgroup charter and identify areas needing further development.

Members discussed the PBA Committee's work schedule, including the need to establish criteria for the State Eligible Training Provider List subsequent eligibility, and State policy for awarding local incentive grants for exemplary performance, by June 30, 2001. Although the next Committee meeting is scheduled in early May, members will be informed and consulted throughout the process. It was emphasized that the Non-Technical Work Group would develop recommendations to the Committee in an inclusive manner. Members also discussed the Governor's 15% Discretionary Fund proposal and award process. Priorities include releasing funds for this year's solicitation, and also developing an improved solicitation process for next year's funding.

Update on Year Three and Year Four Operations

Ms. Megan Juring stated that the Year Three Draft Report review process is addressing necessary changes, resulting in a delay in final production. The final Year Three Report will be ready for member review by the next Committee meeting in May 2001. The contract with the Applied Management and Planning Group (AMPG) will be extended to accommodate the delay and to deliver the populated database for the Year Four Report cycle. The funds remaining in the AMPG contract will cover these costs. Input from state partners and State Board members of this Committee will be solicited in developing a system that meets future information needs of customers. Committee members raised questions on the strategy being proposed for operations in Year Four. Staff clarified that resources would be directed to complete a feasibility study that will lay the foundation for the next program design of the PBA system.

Report on Calculating Measures Using Means Versus Medians

Dr. Cheryl Stecher, Project Manager, AMPG, described strategies that were used to address extreme outcome data outliers that affect means as opposed to medians when reporting a measure of central tendency. Medians have been used in the past because the PBA system measures workforce preparation programs with differing goals, eligibility requirements, and target populations that affect expected earnings levels. The maximum values for earnings ranged from \$78,790 to \$1,682,444 among the programs being measured. The pilot study led AMPG to make two recommendations: (1) delete any participant record from the system if more than sixty different employers reported earnings to that Social Security Number in a given quarter; (2) use means rather than medians when reporting earnings and earnings change information, capping at either the 99.50th or 99.95th percentile for each program's range of earnings.

Public Comment:

Dr. Paul Melevin with Department of Rehabilitation provided public comment and urged the committee to continue using medians, rather than adapt the data in means calculations, to come close to the actual median value.

Workforce Investment Act Incentive Grants, Educational Performance Components

Panelists from the California Department of Education included Wendi Maxwell of the Adult Education Office, Ed King and Lee Murdock of the Standards and High School Development Division. Kim Perry, Dean of Vocational Programs represented the Chancellor's Office of the California Community Colleges. Panelists provided an overview of their programs' services and the performance outcome requirements to which the State is committed in order to be eligible to receive an incentive grant from the Department of Labor for WIA Title I programs (the one-stop service delivery system).

Closing Comments

Mr. Franco thanked the panelists and expressed his pleasure with the public attendance at the meeting. Mr. Ainsworth asked that the Committee discuss funding for the PBA system in the future. Mr. Franco confirmed his goal to reach solutions together on this Committee, emphasizing the importance of keeping discussions open and friendly. Mr. Franco mentioned that this was his first meeting as Chairman, and thanked staff for their work. The next PBA Committee meeting was tentatively scheduled for May 2, 2001 in Northern California. The meeting adjourned at approximately 12:30 p.m.

**CALIFORNIA WORKFORCE INVESTMENT BOARD
PERFORMANCE BASED ACCOUNTABILITY COMMITTEE**

**February 7, 2001
Sacramento, California**

Members in Attendance

Victor Franco, PBA Committee Chair, Manager of Community Affairs, Miller Brewing Company

Patrick Ainsworth, Director, Standards and High School Development Division, California Department of Education

Victoria Bradshaw, Director, California Employment Training Panel

Mark Hutchinson, Assistant Deputy Director of the Field Operations Division, California Department of Rehabilitation

Michael Krisman, Assistant Director, Policy and Programs, California Employment Development Department

Charr Lee Metsker, Chief, Employment and Eligibility Branch, California Department of Social Services

Elvin Moon, President and CEO, E.W. Moon Enterprises

Victoria Morrow, Vice Chancellor, Educational Services and Economic Development, Chancellor's Office of the California Community Colleges

**Consideration and Action to Release the Year Three Report of the
Performance Based Accountability System for California's Workforce
Preparation Programs**

YEAR THREE REPORT OF THE PERFORMANCE BASED ACCOUNTABILITY (PBA) SYSTEM

As with the Year One and Year Two Reports of the PBA System for California Workforce Preparation Programs, the approval of the PBA Committee is sought before the Year Three Report is released.

Highlights of the Year Three Report:

- It provides a longitudinal look at the employment rate and change in earnings information in both the second and third year after program participation for participants exiting in the two previous program years.
- It shows outcomes on participants in the California Work Opportunity and Responsibility to Kids (CalWORKs) Welfare-to-Work (WtW) program, based on a random, stratified sample with weights. The weighted sample is intended to represent the welfare recipient population.
- It has a chapter on the outcomes of individuals who received or were eligible for welfare before participating in the various programs other than CalWORKs WtW during the program year of 1997-1998.
- The Department of Rehabilitation has provided data on both completers and leavers.
- The employment rates of the different programs are summarized on one page.

The whole report consists of a narrative summary and numerous standard computer-generated data tables. The narrative summary includes an overview of the PBA system, a separate chapter for each participating program, as well as a chapter focusing on the outcomes of welfare recipients. The participating programs are:

- Vocational education programs administered by the California Community Colleges
- California Training Benefits
- CalWORKs WtW Program
- Employment Training Panel
- Job Service
- Job Training Partnership Act programs
- Vocational Rehabilitation

These programs have different missions and serve different populations, but the same performance measures were applied to measure the outcomes of participants in these programs. These measures, approved by the PBA Committee, are aimed at examining employment rates, earnings, receipt of unemployment insurance benefits and public assistance.

The report has a tremendous amount of outcome data, which is displayed as aggregate data at different levels:

- Statewide level by demographics and/or by occupational program/services; and
- District/College/Service Delivery Area (SDA) level by demographics and/or by occupational program/services.

The levels of aggregation vary according to the individual program.

In December 2000, a draft of the report was produced for multiple reviews. State agency representatives had eight weeks to review their draft chapters and provide comments. In addition, a panel of experts knowledgeable about the workforce preparation programs and performance evaluation were convened to review the whole report. State Board staff also participated. Comments were considered and incorporated into the final draft of the report. The final draft of the narrative summary was either sent or delivered to Committee members on July 31, 2001 for review prior to this meeting.

If it is approved by the PBA Committee, the entire report will be made available to the public on the State Board website.

Consideration of Changes to the Fourth Annual Performance Based Accountability Report, including:

- **Format Improvements - Attachment I**
- **Use of Means Reporting - Attachment II**

FORMAT IMPROVEMENTS

Representatives of participating programs, experts knowledgeable about workforce preparation programs and performance evaluation, and State Board staff have reviewed the Year Three Report of the Performance Based Accountability (PBA) system. The reviews have resulted in many valuable suggestions for improvement. The following is a summary of the suggestions that are related to the format of the report and could be considered for incorporation into the Year Four Report of the PBA system.

- Consider creating two documents; an overall summary of the programs and their mission with overall major summary findings of the various training providers presented together. The second document (or a document created for each system partner) could have the richness of all the detailed reports for those with insatiable appetites for data.
- Consider completing the leaver analysis as a special analysis. By giving leavers equal presence in the report, the report implies they are as common as completers.
- Include a summary of earnings change for all participating programs in the Overview Chapter, perhaps limited to change from year before to first year after. Create one chart for the group with greater than minimum wage earnings and another for the group with earnings less than minimum wage. *(Note: There is a summary of employment rate for all participating programs in the Year Three Report).*
- Create a summary of system-wide public assistance usage before and after program participation for each of the participating programs on one table. *(Note: In the Year Three Report, there is a chapter on the outcomes of individuals who received or were eligible for welfare before participating in the various programs other than CalWORKs during the program year of 1997-1998).*
- Provide five to seven bullet points at the very beginning of each program chapter that summarize the key performance indicators for each program. Report the change in earnings for the module group for that particular agency.
- Develop one to two page reports that summarize the data for each of the adopted performance measures. Such reports could include the cohort demographic profiles.
- Consider adding a “reader’s clue” section that will alert readers to looking for certain types of findings that might be generalized for each cohort. This may help readers with analyzing what they are reviewing.

- Reformat the detail reports in future years so that all data displays in one view of the screen or is at least correctly printable.
- Use fewer tables whenever possible. Use more graphical presentations of data (pie, time series and bar charts), formulas or other non-verbal means. Much of the data would be easier to decipher in this form.
- Eliminate redundant details, for example, descriptions of measures and methods.

USE OF MEANS

The Performance Based Accountability (PBA) Committee was interested in examining the feasibility of changing from medians to means in reporting earnings for several reasons, including:

- Means, or averages, are more readily understood by the general population than are medians.
- The average change in earnings is easier to understand than the median of earnings change.
- The federal Workforce Investment Act requires the use of means for reporting the core measures dealing with wages.
- Other federal programs also require the use of means.

Applied Management and Planning Group (AMPG), the vendor under contract with the State Board to operate the PBA system, has completed a study on the use of means. The study has incorporated earlier discussions with state representatives and the discussion of the PBA Committee on the subject on February 7, 2001. A copy of the study was mailed or delivered to each Committee member on July 31, 2001. Three recommendations are mentioned in the study:

Recommendation 1: Participants with Social Security Numbers for which more than 60 different employers reported earnings in any quarter should be deleted entirely from the cohort analyses.

Recommendation 2: Change from reporting earnings in medians to reporting in means, while statistically capping extremely high earnings.

Recommendation 3: Of the two statistical levels for capping earnings, the 99.50th or the 99.95th percentile, the lower level is recommended.

These recommendations will be discussed at this Committee meeting. For the Year Four Report, the options may be limited. For future reporting, a new, enhanced PBA system will have been built. The new system will have the capacity to report earnings in both means and medians, thus meeting the needs of programs that require calculation of means, as well as other users who prefer the use of medians for statistical accuracy.

**Consideration of Future Performance Based Accountability System
Development**

Consideration of Future PBA System Development

The original concept of the PBA system was to develop a turnkey system that would produce an annual report card of workforce preparation programs in California. The conceptual approach to the technical aspects of the system were to ensure confidentiality in data handling and processing, flexibility, quality and technical accuracy in designing reports to meet the intent of Senate Bill 645 and the mission and goals of the participating agencies.

The scope of the system by the PBA committee in 1996, required usage of a client-server configuration to provide the needed level of data security and audit trail capability. This configuration provided the needed level of service by permitting each stand-alone computer to run as a complete system. The intent of the vendor was to use off the shelf software applications that required very little if any modification, making this an easy to use turnkey application and process. Due to the complexities of the project and changes in policy, the system has not been able to wholly accomplish its original objectives and goals.

Recommendations from the Peer Review Panel, the technical work team, and end-users of the system all pointed towards a change in the methodology and an improvement in the process. These specialists have lobbied for a system that is precise, timely and responsive to their needs. With the passage of the Workforce Investment Act of 1998, there is a new focus on performance and accountability. The State of California has a need to align the PBA system with a new vision of not only achieving federal and state mandates on performance, but to reach farther heights by developing a system that is both compliant and truly functional to the needs of the user.

The PBA team has solicited input from the program partners in an attempt to develop a system to achieve the vision of this new day. The feasibility study that is under development will move the PBA system from a closed end technological application of the 20th Century, to a pioneer in government technological advancements for the 21st Century.

The business case of the feasibility study has been prepared with the vision of a new day, a new process, done a better way. By identifying the problems and mistakes of the past, we are confident that a new system designed with a flexible infrastructure, designed by the customer, for the customer will meet everyone's needs.

Attachment – Business Case

3.0 Business Case

3.1 Business Program Background

On January 1, 1996, Senate Bill (SB) 645 became law, and was chaptered into the California Unemployment Insurance Code (CUIC) Section 15037.1. The primary intent of the bill was to develop an infrastructure to measure the effectiveness of California's workforce preparation system. The law gave the State Job Training Coordinating Council (SJTCC) responsibility to implement a system to compile, maintain and disseminate information on the overall workforce preparation system. The SJTCC formed the Performance Based Accountability (PBA) Committee to design the system and provide oversight to the implementation of the law.

The governance of the SJTCC changed with the enactment of the federal Workforce Investment Act of 1998 (WIA). By Executive Order D-9-99, Governor Davis established the California Workforce Investment Board (CWIB), which currently has oversight for the PBA committee and the PBA system.

The CUIC requires that the committee composition include three private sector members of the state council, the Director of the Employment Development Department (EDD), the Superintendent of Public Instruction, the Chancellor of the California Community Colleges, or their designees, and representatives of programs that are to be measured.

The CUIC authorizes the PBA Committee to assess the participating programs for both development and operating costs. Participating programs shall redirect funds currently used for program follow-up activities to the extent allowed by federal law.

The PBA Committee is required to develop a series of standardized reports on the performance of California's workforce preparation programs. The reports, collectively referred to as the Annual Report, are delivered to the Governor, the legislature, participating programs and the CWIB, and are now made available on the CWIB's web site for employers, job seekers and other public members to view.

The reports are produced using primary performance measures approved by the PBA Committee, these are:

- Three measures of employment rate; one for the first year after program participation, and a second measure that examines employment persistence between the first and second year after program participation, and a third measure that examines the longitudinal differences between year one and year three;

- Three earnings measures: one that examines earnings in the first year after program participation, a second measure that presents the change in earnings between the first and second year after program participation, and the third measure examines earnings between the first, second and third year after program participation;
- A measure of the change in the number of program participants who received unemployment insurance (UI) before and the first year after program participation and, for those who did receive UI before and after, the change in the numbers of weeks of UI received; and,
- A measure of the change in the months of eligibility for two forms of public assistance: Aid to Families with Dependent Children (AFDC)/California Work Opportunity and Responsibility to Kids (CalWORKs) and Supplemental Security Income (SSI)/State Supplementary Payments (SSP).

The PBA Committee identified the goals of the workforce preparation programs. The PBA system was designed to measure the effectiveness of the programs. The Committee intends to provide the most accurate, timely and complete information applicable to performance measures.

One of the primary objectives of the original feasibility study, based on SJTCC policy, was that the system produce unbiased information based on objective data. To accomplish this objectivity, the system was to rely on employing an operating entity that did not operate any workforce preparation programs and one that did not have any direct ties to workforce programs. Applied Management and Planning Group (AMPG) was hired in August 1997 to begin development of the system. The SJTCC directed a phased-implementation approach, with the final phase completing by January 2001. The objective of this approach was to apply the lessons learned from each year to improve upon the processes (i.e., Annual Reporting process).

The PBA committee determined that the first set of reports would apply common measures to seven programs. During the first year, the PBA system participating programs were asked to provide data on individuals who had completed or terminated training or services between July 1, 1995 and June 30, 1996 (i.e. first year cohort data). The primary goals of the first year report were to:

- test the performance measures to determine the relevance to specific programs' missions, goals, and data collection,
- determine the necessary changes to both the performance measure definitions and specific program data submitted, and
- begin to establish a baseline of performance for California's workforce preparation system as a whole.

The first annual report was published in December 1998.

The second annual report contains performance information on the outcomes of participants departing programs between July 1, 1996 and June 30, 1997 (i.e., second year cohort data). The third annual report contains workforce preparation performance information on outcomes of participants departing programs between July 1, 1997 and June 30, 1998 (i.e., third year cohort data). Additional requirements and changes for the second and third year annual report occurred:

- Programs administered by the California Department of Corrections were added.
- The longitudinal employment rate measures were added.
- The longitudinal earnings cohorts were added.
- The second and third year outcomes of participants departing during the prior program years were added.
- The earnings change measure was defined differently to include all program participants in the calculation
- The United States Department of Defense (DOD) and the Office of Personnel Management federal databases were added.

The second and third reports were published in March 2000 and August 2001 respectively.

The data required for these reports has increased significantly over time. It has grown to include more of California's workforce preparation programs, participants, and additional performance measures. The expansion of the database size was necessary to store and process three years of cohort data and up to three years of match data for each of the cohorts, which is required for calculating the Longitudinal Employment Rate and Longitudinal Earnings measures.

Six amendments were made to the original contract with AMPG (system vendor) to improve upon the original system design at the request of the PBA committee. Modifications to the contract provided for additional hardware and staff resources to manage the changes in performance measures, and additional data collection from new match sources. These changes have resulted in increases to the data retained and reviewed, and to the costs of generating the reports.

The WIA adds new performance requirements that will significantly impact the capacity of the current system and the ability of this system to continue to meet

the requirements of State law. The state WIA Eligible Training Provider List (ETPL) policy indicates that the PBA system performance information is required for all public and private sector training providers to remain eligible in subsequent years to receive WIA funds. The WIA requires performance information derived using administrative records matching methodology inclusive of numerous and exponentially increasing participant records.

3.2 Business Problem or Opportunity

The current business problems are:

1. The system is unable to meet the requirements of state law that mandates the collection, storage and dissemination of performance information for all “workforce preparation” training programs.
2. Rapidly increasing information demands are putting a strain on the system and will exceed the system's capacity by State Fiscal Year 2002 – 2003.
3. The users of the reports are unable to view and navigate the data in a manner that is useful for their individual programs.
4. The annual reports are consistently late.
5. The costs to produce the standardized reports are too high.
6. The current system does not provide management with statistical information for analysis (i.e., data transmission volumes, number of training participants, number of program leavers and completers).

3.3 Business Objectives

The solution shall:

1. Expand the PBA System data capacity to provide for the increasing volume of workforce performance data.
2. Improve navigational and usability of the data to meet user requirements within one year of implementation.
3. Reduce the current costs to produce the standardized reports by 10 percent.
4. Adapt to minor system modifications without exceeding expenditures of more than 10 percent of the approved project budget.
5. Produce timely and accurate quarterly and annual reports, along with customized access to data for the customer.

6. Provide the ability to track data flow and availability of the system (i.e., data transmission volumes).
7. Provide access to statistical data for program management's information needs (i.e., current number of program leavers and completers in the system).

3.4 Business Functional Requirements

The solution shall:

1. Produce timely and accurate Annual/Ad Hoc Reports from participant outcome and program data,
2. Enable system users direct access to authorized data, extraction of data, manipulation of data, and the ability to generate ad-hoc reports,
3. Establish an information security infrastructure that ensures the confidentiality and security of information, while providing a flexible process for the maintenance of information access permissions,
4. Provide a flexible method of obtaining and processing required information from a variety of dynamic information sources and media that is time-efficient and cost-effective,
5. Provide a means of storing required information that will accommodate the ever-increasing volume of workforce performance data,
6. Provide a flexible infrastructure that enables timely changes to be implemented when business requirements change at no additional costs,
7. Provide technical documentation of the system, processes, and operating procedures,
8. Provide comprehensive end-user procedures that describe how to effectively use the system and the information it contains,
9. Meet all standards that exist in the organization that is identified to maintain and support the implemented system, and
10. Provide a management information infrastructure that will allow management the ability to evaluate system performance and future data needs.

Lunch Program – Local Panel

Discussion of Recent State Board Actions

- **Eligible Training Provider List Policy - Attachment I**
- **State Incentive Policy - Attachment II**

ELIGIBLE TRAINING PROVIDER LIST POLICY

The Workforce Investment Act (WIA) requires the establishment of a State Eligible Training Provider List (ETPL) to identify training providers and programs whose performance qualifies them to receive WIA Title I-B funds to train adults and dislocated workers through the use of Individual Training Accounts.

In May 2000, the Employment Development Department (EDD) issued preliminary guidance to the Local Workforce Investment Boards (Local Boards) to assist in their determination of the *initial eligibility* of training providers submitting applications for listing on the ETPL. The programs determined to be initially eligible were included in the statewide ETPL that was established on July 1, 2000. The WIA requires that all training programs appearing on the ETPL be reviewed by the Local Boards within 18 to 24 months of their initial listing to determine if the programs have met established performance levels. This process is known as “*subsequent eligibility*”. The US Department of Labor (DOL) required California to have a policy in place by June 30, 2001, for determining the subsequent eligibility of programs on the ETPL, in order to remain compliant with federal requirements.

To assist in developing a subsequent eligibility policy, staff from EDD and the California Workforce Investment Board (State Board) convened a partner workgroup composed of representatives from the Chancellor's Office of the California Community Colleges, the Department of Education, the California Association of Private Postsecondary Schools, the California Workforce Association, the Bureau of Private Postsecondary and Vocational Education, the Regional Office of the DOL, training providers and the Local Boards. This workgroup developed the ETPL policy that was approved by the State Board at their meeting in Sacramento on June 26, 2001. The policy establishes the performance measures and levels that programs must achieve in order to remain eligible to receive WIA training funds. Key provisions of the new policy are briefly summarized below.

- The performance of programs on the State's ETPL will be measured for the first time approximately 18-24 months from the date of their initial listing and each year thereafter.
- The program completion rate, the entered employment rate and the placement wage will be calculated for all students in the program using the formulas required by the Carl D. Perkins Vocational and Technical Education Act of 1998. These performance measures are reported annually by the Community Colleges and the Department of Education to their respective regulatory agencies. Although most of the private schools on the list are not required to report performance to the Bureau of Private Postsecondary and Vocational Education (BPPVE) because they are “registered” programs, they will also report the Carl Perkins performance measures for the purpose of determining their subsequent eligibility to remain on the State's ETPL.

- For the first measurement period, only the completion rate and the entered employment rate computed for all students in the program will be used to determine subsequent eligibility. The placement wage will be reported but will not be used in making the determination of a program's eligibility to remain on the list. The level of performance that programs will be required to meet to remain eligible will be the level negotiated between the program and their regulatory agency.
- If the Secretary of Labor allows California to adopt a one-year grace period for the first determination of subsequent eligibility, all programs will be allowed to remain on the list for an additional year, regardless of their performance outcomes. The performance data will be used to establish the levels that will be required to remain eligible on the ETPL in subsequent determinations. If it is not possible for California to adopt a one-year grace period, programs that come within 80 percent of their required performance level on the completion and entered employment rate measures will remain on the ETPL, as long as they achieve an entered employment rate that is at least 60 percent.
- The first determination of subsequent eligibility will be made in the January – March quarter of 2002 for the programs that were listed on the ETPL in the July – September 2000 quarter. Programs will be required to self-report their performance outcomes for the first determination period.

The ETPL policy will have major implications for the State's Performance-based Accountability (PBA) System. One key provision of the Workforce Investment Act requires training providers to report the performance outcome of all students they serve, not just WIA-participants. To reach full compliance with this provision, providers will need to submit "seed data"¹ on all their students. The State will then need to have a system that can accept and process the data to the point of determining performance. California's PBA system will ultimately be used to meet this need. The current system, however, needs to be modified to handle the volume and scope of the calculations required to compute performance for programs on the ETPL. The first determination of subsequent eligibility must be conducted prior to the expansion of the PBA system. For this reason, the collection of seed data from the programs will be postponed until the second determination of subsequent eligibility which is expected to occur in the first calendar quarter of 2003. As such, the target date for the PBA system to be ready to process seed data to calculate performance outcomes for programs on the ETPL is January 1, 2003. A Feasibility Study is currently underway to identify the system modifications that will be required. Once these changes are made, the PBA system will be used to monitor the performance of programs on the ETPL on an on-going basis. This will assist the State in maintaining high quality standards for training provided to WIA clients and bring California's ETPL policy into full compliance with federal requirements.

¹"Seed data" refers to the student's social security number or other unique identifier and certain demographic information such as age, gender and ethnicity. Performance outcomes are calculated by matching social security numbers against the State's Unemployment Insurance Wage Records to obtain information on employment status and earnings for students who participated in a particular program.

THE CALIFORNIA WORKFORCE INVESTMENT BOARD STATE INCENTIVE POLICY

Background:

Under the Workforce Investment Act (WIA), a key principle is that states and Local Workforce Investment Boards (LWIB) have the increased authority and flexibility to design and implement workforce investment strategies and innovative programs that meet local needs. To encourage LWIBs in developing innovative employment and training strategies, the act **requires** the State to use a portion of the Governor's Discretionary 15% funds to award local areas with incentive grant funds to encourage regional cooperation among local boards, for local coordination of the delivery of WIA services, and for achieving Exemplary Performance in the operation of their local WIA programs [WIA, § 134 (a)(2)(B)(iii)].

To assist in the development of a State Incentive Policy, the California Workforce Investment Board (State Board) convened a workgroup of representatives from Local Workforce Investment Areas (8), the Chancellor's Office of the California Community Colleges, and the California Department of Education. The State Incentive Policy (SIP) workgroup met in Sacramento on May 10, 2001 to thoroughly discuss policy implications, options and recommendations relative to:

- The Exemplary performance incentive award,
- Regional Collaboration among local boards and Local Coordination of WIA services incentive award, and
- The percentage of available incentive award funds allocated for the two incentive categories.

Exemplary Performance Incentive Award

The State Board, at its June 26th meeting, adopted as policy that the Exemplary Performance Incentive Award will be based upon the:

- **Individual LWIB negotiated performance goals and reported outcomes.**
- **LWIBs must meet, at a minimum, 100% of each of the performance goals under the Adults (4), Dislocated Workers (4), Older Youth (4), and Younger Youth (3) client groups in order to qualify for a full Exemplary Performance Incentive Award.**
- **Failure to meet any one performance goal within a client group by 100% will result in a reduction of the Exemplary Performance Incentive Award by an assigned percentage. Adult performance indicators are assigned 50% value, Dislocated Workers 25%, Older Youth 12.5%, and Younger Youth 12.5% (Total Youth as a category equals 25%).**

Regional Collaboration And Local Coordination Incentive Award

*The State Board adopted as policy that, in order for an LWIB to be eligible for a Regional Collaboration **OR** Local Coordination Incentive Award:*

LWIBS must submit a written application for either a Regional Collaboration OR Local Coordination Incentive award. The State will develop a draft State WIA Incentive Policy Directive to instruct the LWIBs on the application, criteria and awarding process.

The purpose of the Regional Collaboration and Local Coordination Incentive Award is to encourage creative, innovative, and untried regional collaboration or local coordination efforts that will result in continual improvement of WIA programs and services in their respective regions or area.

Expected outcomes of the Regional Collaborative or Local Coordination efforts are:

1. Organizational models which improve the efficiency and effectiveness of delivering workforce development services in response to regional and local economies and emerging trends.
2. Methods to identify new and redirected resources to enhance the effectiveness of regional or local systems.
3. Effective service delivery through integration of existing partnerships in economic development, employment and training services, welfare reform, and school reform into collaborative partnerships and processes consistent with the goals of California's One-Stop Career Center system. (i.e. universal access, providing comprehensive services, etc.)
4. Building a single system out of numerous employment and training programs that currently have a parallel existence and which could be channeled to effectively address shared objectives, regionally or locally.

LWIBs are encouraged to submit an application for Regional Collaboration **OR** Local Coordination efforts which may include but are not limited to efforts which:

- A. Increase childcare capacity by significantly increasing the number of affordable childcare slots and taking actions, which will increase the number of licensed childcare providers and caregivers in a geographical region or local area.
- B. Increase the availability and easy access to public transportation within a geographic area (particularly to the WIA disabled population and those living in remote areas and underserved urban areas) where none existed before or were very limited, or increase the mobility of services to individuals who lack transportation or have other barriers which inhibit their ability to receive services at the One-Stop Career Centers.

- C. Recruits a non-required but community significant partner in the area to co-locate staff and provide some level of onsite services to clients at one or more of its One-Stop Career Centers. Examples include onsite Wellness programs which provide free health care to the homeless and working poor with a sliding scale fee for service to others; Clothing lockers that provide free clothing for needy families and loaned jackets, suits, shoes, for clients going to job interviews etc.
- D. Addresses and resolves other significant WIA related issue(s) through Regional Collaboration or Local Coordination efforts.

Incentive Awards: Funding Categories and Percentages

The State Board approves for the first year of awards under WIA, the distribution of incentive awards as identified below:

Regional or Local Collaboration	70% of available incentive funds
Exemplary Performance	30% of available incentive funds

The State Board, on a yearly basis, will review its incentive policy and make revisions or adjustments to the policy, if necessary, as the California Workforce Investment System matures.

Summary Of State Incentive Award Policy Recommendations

- **That 70% of available incentive award funds be designated for regional collaboration or local coordination. Awards will be provided to LWIBs that can demonstrate successful Regional Collaboration efforts among local boards OR Local Coordination efforts within its Local Workforce Investment Area.**
- **That 30% of available incentive award funds be designated for exemplary performance. LWIBs that meet their negotiated performance goals in each of the four client groups will receive a full incentive award or a partial award depending on the outcomes achieved.**

State Board staff is providing technical assistance and consultation to the Workforce Investment Division of the Employment Development Department in developing a WIA Incentive Award Policy Directive. The Directive will implement the State Board Incentive Policy, describe the award criteria for exemplary performance, and provide instructions on the application process and requirements the LWIBS must meet to be eligible to receive Exemplary Performance award, and or a Regional Collaboration or a

Local Coordination incentive award. Our goal is to have an approved draft directive out for public comment by August 31st, 2001. We are currently on target.

Any Further Business that May Come Before the Committee